

How to Transmit and Support Your CY 2002 ACR

BACKGROUND

Contract year (CY) 2002 Adjusted Community Rate Proposal (ACRP) submissions are due to the Centers for Medicare and Medicaid Services (CMS) by midnight on September 17, 2001.

The term ACRP denotes two separate items that Medicare+Choice (M+C) organizations must prepare and submit to CMS: the Adjusted Community Rate (ACR) and the Plan Benefit Package (PBP). The ACR is a pricing document whereas the PBP is a description of M+C plan benefits, premiums, and cost sharing. The detailed requirements for transmitting and supporting an ACR are outlined in this document. More information on the PBP can be found at the HPMS Internet web site.

The ACRP process for CY 2002 will be similar to the process for CY 2001. The ACR and PBP forms have been changed for CY 2002 as indicated below.

Changes to ACR Forms and Procedures

The ACR forms have been changed minimally for CY 2002. The changes are:

- The projected average monthly membership value formerly required to be entered directly on line 15 of Worksheet A, Part I now is imported from Worksheet A1.
- Part III of Worksheet A1 now is limited to 50 lines instead of 100.
- Worksheet C now has additional and reordered health care sub-components to make it consistent with the PBP for CY 2002. In addition, a column has been deleted to simplify the worksheet.
- Worksheet D now has 2 additional sub-components under Additional Revenue.
- All initial ACR submissions must contain a signed certification on Worksheet A.

Changes to PBP Forms

The PBP forms also have been changed for CY 2002. For example, a number of service benefit categories have been changed to allow M+COs more options. Information about the PBP is available on CMS's web site.

Changes to Substantiation Requirements

Changes in the risk scores between CY 2001 and CY 2002 must be substantiated.

The expected variations for additional revenues don't have to be categorized.

GENERAL GUIDANCE FOR SUBMITTING ACRPs

The instructions for completing the ACR are available on the Internet at:

<http://gravity.lmi.org/lmihcfa/acrseminar.htm> or

www.hcfa.gov/medicare/acrp.htm.

Please refer to those instructions for information on issues relating to the contents of ACRs. This document does not address such issues.

Transmittal to CMS

M+C ORGANIZATIONS NEED TO SEND CMS BOTH ELECTRONIC AND PAPER ACRs

M+C organizations must submit both paper and electronic ACRs to fulfil the requirements of the CY 2002 ACRP process. Electronic ACRs are due by midnight on September 17, 2001. You have the option of uploading your electronic ACRs earlier, beginning on August 1. Paper ACRs must be "postmarked" by September 17, 2001.

The paper copy of the ACR must be identical to the electronic copy you submit, except that the paper copy will contain the certification signatures required by CMS. (See page 22 of CMS's ACR instructions.) M+C organizations must provide certification signatures for each ACR they submit.

INITIATION OF CMS REVIEWS OF ACRPs SUBMITTED BEFORE SEPTEMBER 17

CMS will begin reviewing ACRPs that M+COs submit before September 17 as soon as its contractor (LMI) receives both the paper ACR, including the certification signatures, and the electronic ACRP for all plans under a given H number. Once the desk review has begun, HPMS will prohibit M+COs from uploading unless CMS requests a resubmission.

PAPER, PRINTING AND BINDING REQUIREMENTS FOR THE PAPER ACR

CMS plans to use scanning technology to expedite the processing and review of paper documents. To facilitate such scanning, please adhere to the following paper, printing, and binding requirements. Paper documents that don't meet the following specifications may be returned unprocessed to the M+C organization, which means that the organization would have to correct and resubmit the

materials to CMS. The following specifications apply to all paper documents such as ACR worksheets, the transmittal letter, and the supporting documents.

- paper size: 8 ½ x 11 (letter size only)
- page orientation: landscape (sideways)
- single-sided
- paper color: white only
- hole punching: none
- font size: minimum of 10 point
- font color: black
- graphics or logos: none of any kind
- binding: none, except for binder clips

Again, each package of ACR materials should be unbound or bound with binder clips. Please do not use staples, paper clips, ring binders, rubber bands, or any type of permanent binding material.

MAILING ADDRESS FOR THE PAPER COPY OF THE ACR

M+C organizations should transmit a paper copy of the ACR and supporting documentation via U.S. Mail or commercial delivery service to the following address:

LMI
ATTN: ACRP
2000 Corporate Ridge
McLean, VA 22102-7805

ELECTRONIC COPY OF THE PBP

M+C organizations must also submit an electronic copy of the PBP for CY 2002 simultaneously with the corresponding ACR. M+C organizations will transmit the PBP to CMS only in an electronic version—paper copies of the PBP itself will not be required.

SOFTWARE FOR THE ELECTRONIC ACR AND PBP

To obtain a copy of the ACR and PBP software necessary to transmit your ACRP electronically, please go to the HPMS Internet web site.

Instructions on how to download and install the ACR and PBP software for CY 2002 also are available at the HPMS web site.

ACR Supporting Documentation and Assembly

The ACR workbook is composed of individual Excel worksheets. The assembly instructions for the paper copy of each ACR workbook and its supporting documentation are shown below.

A tab or placeholder should separate each ACR workbook and its supporting documentation. The number of tabs that an M+C organization needs will depend on how many ACR workbooks it files.

To the extent possible, please assign tabs a number that corresponds to the plan ID. For example, Tab 1 would contain the ACR and supporting documents for Plan 001.

PACKAGING

M+C organizations are encouraged to send all of their ACRs to LMI in the same package.

In addition, each sheet of paper that you send must meet the paper, printing, and binding requirements described above to facilitate electronic scanning by CMS.

M+C organizations also must make sure that each ACR workbook and its corresponding supporting documentation is numbered consecutively in the upper left-hand corner. (Handwritten numbers are fine). The transmittal letter that is attached to all ACR workbooks and substantiation should clearly state the number of pages for each ACR and the total number of all pages (multiple ACRs) submitted. That will allow CMS to verify that it has received paper copies of all of your worksheets and supporting documentation.

In addition, each section of *supporting documentation* submitted must contain the appropriate label e.g., **A1-1** in the upper **right**-hand corner of every page. Those labels, which facilitate the indexing of scanned documents, are described on the next page.

TRANSMITTAL FORM

Attachment 1 is a blank transmittal form. Please fill out one transmittal form to accompany each package of ACRs per CMS “H” number. For example, consider an M+C organization with two H numbers and 8 ACRs. It plans to submit 3 ACRs under contract number H0008 and 5 ACRs under contract number H0009. Therefore, the M+C organization would submit one transmittal form for the 3 ACRs as a package under H0008 and one transmittal form for 5 ACRs as a package under H0009.

Please place the transmittal form on top of all the paper copies of the ACRs.

ACR EXCEL WORKSHEETS – **FIRST ITEM OF A TAB**

The ACR workbook contains 9 separate spreadsheets. The paper copy of the ACR workbook should be the first item filed under any tab. The appropriate supporting documentation for that ACR should start with the second item of each tab.

ACR SUPPORTING DOCUMENTATION – **SECOND ITEM OF A TAB**

The supporting documentation for an ACR worksheet should be the second item filed under any tab; in other words, it should be filed directly behind the ACR worksheets.

The substantiating records for the information reflected on that spreadsheet are subject to audit by CMS in accordance with the Balanced Budget Act of 1997. If, during the course of the ACR plan review, it becomes necessary to seek any further substantiation of the data in any worksheet, CMS will ask the M+C organization to provide that information separately.

To facilitate the indexing of scanned documents, each page of supporting documentation (NOT ACR worksheets) submitted must contain a label in the upper **right**-hand corner of every page. The label should look like this: **A1-1**. The letter (and the number preceding the hyphen in the case of Worksheet A1) refers to an ACR worksheet that is being supported. The number after the hyphen refers to a specific item of documentation (see below). Handwritten labels are fine:

Do not consolidate supporting documentation in any one section.

Worksheet A – Cover Sheet. The following lines of data require supporting documentation:

- **Initial Rate components – A-1** Refer to Part IB, column b, lines 1 through 3. M+C organizations that use a community rating method to determine their initial rate also are required to submitted a Weighted Average Aggregate Premium (WAAP). The detailed instructions for these two calculations are contained in CMS Pub 75. Please provide substantiation for all initial rate calculations.

Worksheet A1 – Service Area and Estimate of Annual Payment Rate – A1-1
Please justify all adjustments shown in column c or column j of Worksheet A1. Also, please justify any change in the risk score between CY 2002 and CY 2001.

Worksheet B – Base Period Costs per Member-Month – B-1. Any written approval from CMS to combine cost reporting components (health care components) of Worksheet B should be enclosed in section B-1.

Worksheet B1 – Base Period Financial Data – B1-1. If the values reflected on this spreadsheet cannot be readily traced to the organization's audited financial statements, please submit an explanation. That explanation should clearly explain the reasons for any deviation from the audited financial statements.

Worksheet C – Premiums and Cost Sharing – C-1. The methodology used to project each of the values reflected in columns a through f for all the components of lines 1 through 21 must be shown clearly in section C-1. For those lines that

have multiple benefit service categories in the PBP, the substantiation must reflect a corresponding level of detail. For example, if a plan has a \$5 co-pay for primary care physician services and a \$10 co-pay for physician specialists services (lines 7a and 7d in the PBP), then the substantiation must reflect the methodology used to calculate the per-member, per-month value of each of those cost-sharing arrangements.

Worksheet C1 – Part B-Only Maximum Charge for Part A Benefits. No substantiation is necessary. Worksheet C1 is required just for Part B-only plans.

Worksheet D – Expected Cost and Variation – D-1. The rationale for each expected variation entry on the spreadsheet (except for line 24ev2, column b) must be shown in section D1. Any justification provided should be in enough detail to fully explain the specific variation at issue. Some justifications can be very brief. For example, merely stating that an expected variation was needed to eliminate the costs in the worksheet for a previously offered benefit that is being dropped in the contract year would be adequate. Other justifications, such as one pertaining to the costs of a new benefit, need to be more detailed and must include *all* computations.

Please categorize your justifications of expected value entries using the terms listed below, depending on whether the justification relates to direct medical or costs, administrative costs.

- Direct medical costs:
 - The non-Medicare medical cost trend does not apply to the benefit. (The cost trend calculated by Worksheet A, Part I B, for direct medical costs does not apply to a specific health care component.)
 - Renegotiated provider agreement.
 - New benefit. (The CY 2002 benefit was not offered in CY 2000.)
 - New plan. (The CY 2002 plan had no Medicare enrollees in CY 2000.)
 - Delete base period benefit. (The CY 2000 benefit is not offered in CY 2002.)
 - Redesigned benefit. (The CY 2002 benefit is different than the CY 2000 benefit of the same type—e.g., two dental visits covered in CY 2002 vs. one in CY 2000.)
 - Other. (Please explain.)
- Administrative Costs:

- Related to direct medical cost expected variation (in the same statutory benefit category).
- Related to management change.
- Other. (Please explain.)

Worksheet E – Adjusted Community Rate. No substantiation is necessary.

GENERAL GUIDANCE FOR RESUBMITTING ACRS

Re-submittals Up to and Including September 17

HPMS will be available for uploading of CY 2002 ACRPs on August 1. If you submit your ACRP before midnight, September 17, 2001 and need to change it, you can do so at any time before that date. HPMS will accept electronic resubmissions from certified users, without limit, up to the close of business on September 17.

EXCEPTION: As stated previously, CMS will begin to review ACRPs that M+COs submit before September 17 as soon as LMI receives both the paper ACR and the electronic ACRP for all plans under a given H number. Therefore, after LMI receives an early ACRP submission that includes the paper ACR with the appropriate certification (i.e., the signatures on Worksheet A), HPMS will no longer accept electronic resubmittals of ACRPs without CMS's approval.

Re-submittals After September 17

After September 17, HPMS will control electronic submissions of ACRs by certified users. At that point, you will have to get CMS's approval to re-submit your ACRP, or parts of it, electronically or on paper. That procedure will apply to changes initiated by either M+C organizations or CMS.

If your organization wants to initiate a change to its ACRP(s) after September 17, contact LMI for advice on how to proceed. After you get approval for a re-submission, LMI will arrange for you to access HPMS at the appropriate time.

The same day you make an approved upload to HPMS of a revised ACR, also send LMI revisions of the paper copy that corresponds to the revised electronic version. Don't forget to include the appropriate certification (i.e., the signatures on Worksheet A) for each ACR. EXCEPTION: In certain instances, you can re-submit your ACR without certification signatures. Refer to page 18 of CMS's ACR instructions to determine when the certification on Worksheet A must be completed for a re-submittal. Again, whenever the three signatures for the certification are necessary for a specific type of change in the context of a re-submittal,

please send LMI a completed certification (on Worksheet A) for all plans affected.

For re-submissions of paper material, use the same mailing address and packaging procedures that you followed for the initial submission of your ACR.